

## The complaint

Mr M has complained that his van insurer, Zurich Insurance Company Ltd ('Zurich'), unfairly decided to cancel his policy.

Zurich is the underwriter of this policy i.e., the insurer. During the claim Mr M also dealt with other businesses who act as Zurich's agents. As Zurich has accepted it is accountable for the actions of its agents, in my decision, any reference to Zurich includes the actions of the agents.

## What happened

I issued a provisional decision on this complaint in May this year where I said I was not considering upholding it. An extract from that decision follows:

*"On 1 September 2024 Mr M took out an insurance policy for his van but 11 days later, Zurich told him it was going to cancel it. Zurich said it believed Mr M failed to disclose that the van had been modified and that it was being used for business purposes when the cover requested was only for social, domestic and pleasure purposes.*

*Mr M said this wasn't the case and complained. He said the broker he took the policy out through had gained access to his personal social media accounts and found photographs of the van with advertising signs on it. He said he had since provided date stamped photos showing that the van no longer had any signs displayed on it. Despite this, Zurich decided it would cancel the policy which left him without a vehicle or funds for another policy.*

*The first response to Mr M's complaint was provided by the broker in October 2024. It said that it followed its normal validation process and that the information it found online was available in the public domain and wasn't from personal accounts.*

*The policy was cancelled on 12 September 2024. The broker issued a refund of £188.55 on 17 September 2024 and a further £40 on 16 October 2024. It said it did not impose a cancellation on Mr M for non-disclosure so Mr M didn't have to declare it to future insurers.*

*Mr M then brought his complaint to our service. He said that the images Zurich and its agents found online were old and that the van had not been used for business purposes whilst on cover with Zurich. He said that the signs on the van were magnetic and could be easily removed and that the van was parked in a private property and had previously been used for advertising purposes. Mr M added that he did not receive his refund in full until after he chased the broker and would like to be paid interest on the £40 he received late. He said he made 36 calls regarding the complaint and wanted to be compensated for the distress and inconvenience as well as the psychological unrest he was caused for which he had to*

consult medical professionals. Mr M added that he had to borrow £40 from his neighbour with an agreement to pay back £100 so he lost £60.

A further response to Mr M's complaint was provided in November 2024 by Zurich. It said that Mr M had taken the policy out through a price comparison site where he declared that he was a lorry driver and only used the van for social, domestic and pleasure purposes. Zurich said that it had found reviews online for a business Mr M had been running and that those included photographs of the van. It said even if the van wasn't being used for Mr M's business this was still a concern for its underwriters which it had to investigate. If the magnetic signs were left on at times, they could have attracted the attention of thieves which was again a concern. Zurich said it supported the decision to cancel the policy and said it had since agreed to return the full £280 premium to Mr M though this may not represent the amount Mr M received back as the broker may have made its own deductions.

While the complaint was with us Zurich confirmed that it hadn't recorded the cancellation on any shared or external databases or blocked Mr M from future cover.

One of our investigators reviewed the complaint and thought it should be upheld. She said Zurich hadn't done enough to show that while the van was on cover it was being used for business purposes and had modifications. She thought Zurich should pay Mr M £100 for the distress and inconvenience he was caused for having to find a new policy at short notice. And it should also pay him the difference in premiums, if any, between his old and his new policy.

Zurich didn't agree and said the signage had been created specifically for a transit van. It added that all the evidence suggested the van was being used for a business though it accepted there was no direct evidence to show this was the case while on cover.

Mr M also didn't agree with our investigator's view. He said that his mental health was still being impacted by the situation. He also didn't think that our investigator considered awarding him interest for the delayed £40 refund and felt the £100 was not sufficient for the damage he suffered.

Our investigator reviewed the matter again and increased the compensation to £200 and said this also included any interest due which would have amounted to £0.11. Mr M still disagreed and didn't consider this to be sufficient, so he asked for an ombudsman's decision.

The matter was then passed to me to decide.

### **What I've provisionally decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr M had a commercial van policy with Zurich. The policy covered him for social, domestic and pleasure purposes. There was no business cover.

The policy terms include a general condition which says that Zurich will provide the cover set

*out in the policy if, among other things, the information provided on the proposal form or statement of fact is correct and complete to the best of Mr M's knowledge and belief and that he has not misrepresented any of the information supplied. The policy also states that if conditions are not met Zurich may reject a claim in full, reduce the payment of a claim or the policy may be cancelled or treated as if it never existed.*

*The broker, on behalf of Zurich, carried out validation checks after the policy started which suggested that the van may have been used for business purposes. Zurich said the validation checks were necessary because if Mr M had gone on to make a claim he may not have been covered. I think this is fair and reasonable.*

*Zurich said it found images of the van online, which were available in the public domain, which showed the van with signs displayed on its windows advertising a business which belonged to Mr M. Mr M's mobile number was also displayed on the van. The broker also looked up the business online and found reviews left by customers which mentioned Mr M by his first name. The most recent of those reviews showed it was written "a month ago" which I assume was one month prior to the broker's search. The broker added that Mr M's mobile number was on the business's website. Based on this information I thought it was fair and reasonable that the broker wanted to look into this further and asked Mr M for current photographs of the van and to confirm whether it was being used for a business.*

*Mr M provided date stamped photographs which showed that the van had, at that stage, no signs on it which Zurich seemed to accept during one of its telephone conversations with Mr M. But it was still concerned that the van was being used for a business. Based on the photographs and the reviews I mentioned above, I thought this was fair and reasonable.*

*When Mr M bought his policy, he had a responsibility under the relevant law to either make a fair presentation of the risk (for commercial policies) or, if he entered into the contract for purposes unrelated to his business as Mr M maintains, he was required to take reasonable care not to make a misrepresentation. And for Zurich to take any action at all it needed to show that Mr M didn't do this and that he made what's known as a qualifying breach or misrepresentation. A qualifying breach or misrepresentation is something for which the insurer has a remedy against the customer because it would either not have sold them the policy, or would have done so on different terms.*

*Zurich said that Mr M was redirected from a price comparison site onto the broker's website. The question regarding the use of the van on the broker's website was "how will the vehicle be used?" to which Mr M selected social, domestic and pleasure purposes. Zurich provided evidence to show that if business use had been declared it would not have offered Mr M cover. So if Mr M was using the van for business purposes and didn't declare this to Zurich, this would be a qualifying breach/misrepresentation.*

*Before Zurich proceeded to take any action Mr M cancelled the policy himself. Mr M told the broker that after submitting the date stamped photographs he was going to cancel his policy because he believed his and his family's privacy had been breached by the broker. After submitting the photographs Mr M told the broker he still wanted to cancel the policy and the broker proceeded to cancel it on the same day.*

*I note there is some confusion as to whether the policy was cancelled by Zurich or Mr M.*

*From what I have seen, Mr M cancelled the policy himself ahead of Zurich. Zurich said it was intending on cancelling it and also emailed Mr M later to say it had done so. But this was after Mr M had already cancelled the policy himself. Therefore, as it was Mr M who cancelled the policy and not Zurich, I haven't gone on to consider whether Zurich was able to show that, on balance, the van was being used for business purposes and therefore that Mr M failed to make a fair presentation of the risk or a misrepresentation.*

*Zurich has said that the cancellation was not considered to be a cancellation that had to be declared and wouldn't be considered to be insurer enforced so Mr M wouldn't have to declare it to other insurers and it also wasn't added to any databases. I think this is fair and reasonable and the normal process insurers follow in the event that it is the customer who cancels their policy.*

*Mr M said he had no other choice but to cancel the policy because he wanted to protect his family. Zurich said all the evidence it found was in the public domain and from what I have seen this seems, on balance, to be the case. I say this because it appears that the photographs were not published by Mr M but by other members of the public and the reviews Zurich found were available online. Furthermore, as I said above, I thought Zurich's concerns about the use of the van were legitimate. So I think its online searches and the enquiries it made with Mr M were fair, reasonable and proportionate in order to establish whether this was something it was able to cover.*

*The policy was cancelled by Mr M 11 days after it was taken out and so I think Zurich would have been entitled to charge Mr M for the time the van was on cover. This seems to have been the case at the start but in November 2024 it decided to refund Mr M his full premium. I thought this was fair and reasonable. Mr M says he wants interest to be paid for this delay but because I don't think Zurich had to refund Mr M's premium in full I don't think any interest is due. I note that the refund was issued to Mr M's broker for it to pass on to Mr M. And it seems this was separate to the delayed £40 Mr M received from the broker in October 2024. If this isn't the case, Zurich can let me know when it responds to this decision. And if Mr M has not received a further refund he can let me know when he responds. If he is unhappy the broker delayed paying the £40 he can complain directly to the broker.*

*Mr M also said he borrowed £40 from a neighbour and agreed to pay back £100 so Zurich should pay him the £60 he lost. As I don't think Zurich had to return the full premium I don't think it needs to compensate him for any loss resulting from him borrowing money from his neighbour. Even if I thought Zurich should have paid the full refund and should have done it sooner I would have only considered awarding interest at 8% per year simple. If Mr M agreed to pay back £100 for borrowing £40 this was a decision he made and not something Zurich was responsible for.*

*Mr M said that Zurich's actions caused him mental distress for which he had to consult medical professionals. I was very sorry to hear about the distress Mr M experienced. This was also evident during some of his telephone conversations with the broker. During one of those conversations Mr M explained that he had a very bad experience with a previous insurer who made false accusations against him. This was again something that I was very sorry to hear about and I can understand why this will have made the situation with Zurich more stressful for him. At the same time I also have to acknowledge that his prior experience*

*wasn't with Zurich and that, as I said, I thought Zurich's enquiries were fair and reasonable. For these reasons I don't think Zurich needs to pay Mr M any compensation for having made these enquiries and for considering cancelling his policy. And as I said above, it was Mr M's decision to ultimately cancel the policy."*

Both parties responded to my provisional decision. Mr M didn't agree with it and said he was shocked and disappointed by it. He said the allegations that he cancelled the policy were false and provided a screenshot of a message he was sent by the broker which said that the broker had cancelled the policy due to Mr M failing to declare modifications and for providing an incorrect occupation. He added that the social media posts were completely unrelated to his policy with Zurich. He also disputed the claim that the magnetic stickers were made specifically for his van and said there are millions of similar vans in the UK.

Mr M also said he felt discriminated against by me possibly because he is not a UK citizen and said that the outcome reflected my poor judgement and integrity. He also said he was concerned about the potential of corruption and bribery and that my conduct was suspicious and potentially unlawful.

Before I proceeded with my decision, I asked Zurich to confirm once again what led to it saying it would cancel the policy.

Zurich said that the reason was the use of the van which it suspected was being used for business purposes. It said that the magnetic signs on the van would have been purchased at a considerable cost and it considered it unlikely this was done for a one-off photoshoot as Mr M suggested. It added that even if they were only used for advertising, this would have still increased the risk of theft especially if someone were to assume that there were tools kept inside. It also agreed that it was Mr M who cancelled the policy before it proceeded to do so.

I went back to Zurich and pointed out that the email Mr M provided from the broker said that the reason it proceeded with the cancellation related to the modifications and Mr M's occupation. And it also stated that it was Zurich who cancelled the policy. I said Mr M would have found this confusing.

Zurich responded to say that the secondary profession of "mechanic" would have been an unacceptable risk to it because of the potential for business use in conjunction with the use of a commercial vehicle. It added that modifications and business use would also have led to it not offering cover.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd like to start by thanking both parties for their comments. I appreciate they had to wait a little bit longer for this decision. As can be seen from the section above, I wanted to ensure that I considered everything the parties said in response to my provisional decision before proceeding with my final decision.

I was also sorry to hear Mr M was unhappy with my decision. Mr M has made a number of comments about me personally which I am not able to address in this decision as what I am considering here is his complaint about Zurich. What I will say though, is that my decision was solely based on the evidence and arguments available to me. If Mr M is concerned about our service, he is free to raise a separate complaint about it.

As I said in my provisional decision, I thought there was some confusion as to whether the policy was cancelled by Zurich or Mr M. And I think this was made even more confusing by the broker writing to Mr M on 12 September 2024 telling him that it had cancelled the policy because of undeclared modifications and occupation. But I concluded that it was Mr M who had cancelled earlier on the same day during a phone call he had with the broker which took place a few hours before the broker's email. During that call the broker told Mr M that it had received his date-stamped photographs which showed the van without any signs on it but said it would still proceed with the cancellation because of Mr M's secondary occupation and because of the use of the van which was being used for the repair and servicing of caravans. The broker told Mr M that it had also found his website advertising these services and which also included Mr M's phone number. Mr M said that the van was for personal use only, that he would not accept an "illegal cancellation" and that he wanted to cancel the policy himself. The broker asked Mr M whether he wanted to proceed with the cancellation there and then. Mr M said "yes" so the broker cancelled the policy and confirmed the refund due. Based on this I am persuaded that even though it was Zurich's intention to cancel the policy, Mr M cancelled it before Zurich did so.

As I said I appreciate the broker's subsequent message would have been confusing but I don't think this warrants awarding Mr M any compensation. I say this because Mr M had already had the telephone conversation with the broker and knew that the broker had proceeded with the cancellation at Mr M's request.

Even if Zurich had cancelled the policy, I thought the actions it took thereafter which included recording this as a cancellation by Mr M so that he didn't have to declare it to future insurers and providing a full premium refund despite the van being on cover for a number of days were fair and reasonable. And as I said in my provisional decision, I thought Zurich's concerns were legitimate bearing in mind the online reviews, the photographs and the fact that the business website had Mr M's contact number.

I appreciate Mr M insists that the van was only used for social, domestic and pleasure purposes. And he said the signs were not specifically made for that van and could have been used on other similar vans of which there are millions in the UK. I appreciate what Mr M is saying but the signs themselves aren't the only reason Zurich relied on in reaching its decision. As Zurich said it also found Mr M's website which had his number and was advertising the repair and servicing of caravans. And the specific van was in photographs being used by the business. And even if the van was only being used for advertising the business this would still increase the risk Zurich was prepared to take. On the whole, as I said in my provisional decision, I thought it was fair and reasonable that Zurich wanted to look into this further. And for the reasons I have given here and in my provisional decision, I have decided not to interfere with the way it handled the matter.

I appreciate Mr M will be very disappointed with my decision. This is something he has made clear in his communications with us. Nevertheless, as I said above, I thought Zurich's concerns in the circumstances were legitimate and I think its actions were, on the whole, fair and reasonable.

The rest of my findings remain as they were in my provisional decision and now form part of this, my final decision.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 August 2025.

Anastasia Serdari  
**Ombudsman**